



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
JEFFERSON COUNTY CLERK**

**Calendar Year 2001**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## EXECUTIVE SUMMARY

### AUDIT EXAMINATION OF THE JEFFERSON COUNTY CLERK

#### Calendar Year 2001

The Auditor of Public Accounts has completed the Jefferson County Clerk's audit for calendar year 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### Financial Condition:

Fee account balances increased by \$829,258 from the prior calendar year, resulting in a cash surplus of \$2,248,147 as of December 31, 2001. Revenues increased by \$1,063,045 from the prior year and disbursements increased by \$233,787.

#### Lease Obligations:

The clerk's office is responsible for the following leases:

| <u>Item<br/>Purchased</u> | <u>Monthly<br/>Payments</u> | <u>Term of<br/>Agreements</u> | <u>Ending<br/>Dates</u> | <u>Principal Balance<br/>December 31, 2001</u> |
|---------------------------|-----------------------------|-------------------------------|-------------------------|--|
| Copy Machine              | \$ 157                      | 36 Months                     | 7/7/2003                | \$ 3,140                                       |
| Copy Machine              | \$ 178                      | 36 Months                     | 5/12/2003               | 3,382  |
| Copy Machine              | \$ 37                       | 36 Months                     | 1/22/2004               | 888  |
| Copy Machines (17)        | \$ 3,020                    | 48 Months                     | 1/26/2003               | 39,257   |
| Copy Machines (12)        | \$ 2,970                    | 48 Months                     | 10/6/2002               | 29,702   |
| Copy Machine              | \$ 236                      | 48 Months                     | 6/21/2004               | 7,316  |
| Postage Meter             | \$ 175                      | 72 Months                     | 5/30/2006               | 9,975  |
| Postage Meter             | \$ 649                      | 48 Months                     | 3/30/2004               | 19,455   |
| Total                     |                             |                               |                         | <u>\$ 113,115</u>                              |

#### Deposits:

The County Clerk's deposits were insured and collateralized by bank securities.



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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Rebecca Jackson, County Judge/Executive  
Honorable Bobbie Holsclaw, Jefferson County Clerk  
Members of the Jefferson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the County Clerk of Jefferson County, Kentucky, and the statement of receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2001. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk prepared the financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the County Clerk and the receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Rebecca Jackson, County Judge/Executive  
Honorable Bobbie Holsclaw, Jefferson County Clerk  
Members of the Jefferson County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2002, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 24, 2002



JEFFERSON COUNTY  
BOBBIE HOLSCLOW, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 2001

Receipts

|                         |    |           |
|-------------------------|----|-----------|
| State Fees For Services | \$ | 294,938 * |
|-------------------------|----|-----------|

|              |  |           |
|--------------|--|-----------|
| Fiscal Court |  | 133,821 * |
|--------------|--|-----------|

Licenses and Taxes:

Motor Vehicle-

|                        |    |            |
|------------------------|----|------------|
| Licenses and Transfers | \$ | 13,142,391 |
|------------------------|----|------------|

|           |  |            |
|-----------|--|------------|
| Usage Tax |  | 64,577,197 |
|-----------|--|------------|

|                                |  |            |
|--------------------------------|--|------------|
| Tangible Personal Property Tax |  | 53,948,589 |
|--------------------------------|--|------------|

Licenses-

|          |  |         |
|----------|--|---------|
| Marriage |  | 210,603 |
|----------|--|---------|

|                 |  |         |
|-----------------|--|---------|
| Beer and Liquor |  | 388,001 |
|-----------------|--|---------|

|                              |  |         |
|------------------------------|--|---------|
| Beer and Liquor (Reimbursed) |  | 1,417 * |
|------------------------------|--|---------|

|                          |  |        |
|--------------------------|--|--------|
| Shelter For Spouse Abuse |  | 59,370 |
|--------------------------|--|--------|

|                   |  |           |
|-------------------|--|-----------|
| Deed Transfer Tax |  | 2,923,561 |
|-------------------|--|-----------|

|                  |  |           |
|------------------|--|-----------|
| Delinquent Taxes |  | 7,428,600 |
|------------------|--|-----------|

|                               |          |             |
|-------------------------------|----------|-------------|
| Delinquent Taxes (Reimbursed) | 15,290 * | 142,695,019 |
|-------------------------------|----------|-------------|

Fees Collected for Services:

Recordings-

|                                 |    |         |
|---------------------------------|----|---------|
| Deeds, Easements, and Contracts | \$ | 379,018 |
|---------------------------------|----|---------|

|                       |  |         |
|-----------------------|--|---------|
| Real Estate Mortgages |  | 860,486 |
|-----------------------|--|---------|

|  |  |           |
|--|--|-----------|
| Chattel Mortgages and Financing Statements |  | 1,346,388 |
|--|--|-----------|

|                    |  |        |
|--------------------|--|--------|
| Powers of Attorney |  | 48,234 |
|--------------------|--|--------|

|            |  |       |
|------------|--|-------|
| Bail Bonds |  | 6,316 |
|------------|--|-------|

|           |  |         |
|-----------|--|---------|
| Tax Liens |  | 140,594 |
|-----------|--|---------|

|             |  |           |
|-------------|--|-----------|
| Extra Pages |  | 1,096,103 |
|-------------|--|-----------|

|             |  |         |
|-------------|--|---------|
| Assignments |  | 154,788 |
|-------------|--|---------|

|                      |  |        |
|----------------------|--|--------|
| All Other Recordings |  | 16,136 |
|----------------------|--|--------|

|          |  |         |
|----------|--|---------|
| Releases |  | 528,461 |
|----------|--|---------|

|         |  |        |
|---------|--|--------|
| Probate |  | 29,794 |
|---------|--|--------|

|                      |  |        |
|----------------------|--|--------|
| Lienholder Penalties |  | 33,419 |
|----------------------|--|--------|

|                          |        |           |
|--------------------------|--------|-----------|
| Corporation and Business | 64,919 | 4,704,656 |
|--------------------------|--------|-----------|

JEFFERSON COUNTY  
BOBBIE HOLSCLOW, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Calendar Year 2001  
(Continued)

Other Receipts:

|  |    |         |              |
|--|----|---------|--------------|
| Candidate Filing Fees                      | \$ | 6,000   |              |
| Certified Copies                           |    | 37,117  |              |
| Interest Income                            |    | 165,472 |              |
| Legal Records - Clerk Expense              |    | 21,453  |              |
| Legal Records - Clerk Expense (Reimbursed) |    | 360,598 | *            |
| Phone/Fax                                  |    | 215     | *            |
| Notary                                     |    | 323,296 | *            |
| Postage                                    |    | 228,917 | *            |
| Tracing                                    |    | 2,992   | *            |
| Photostat                                  |    | 26,461  | *            |
| Motor Vehicle - Miscellaneous              |    | 152,839 |              |
| Motor Vehicle - Miscellaneous (Reimbursed) |    | 266     | *            |
| Returned Check Fees                        |    | 14,358  | *            |
| Library                                    |    | 102     |              |
| County Attorney Returned Check Fee         |    | 11,795  |              |
| Miscellaneous                              |    | 21,322  |              |
| Miscellaneous (Reimbursed)                 |    | 11,602  | *            |
|  |    |         | \$ 1,384,805 |

Total Receipts \$ 149,213,239

Disbursements

Payments to State:

|                                |    |            |
|--------------------------------|----|------------|
| Motor Vehicle-                 |    |            |
| Licenses and Transfers         | \$ | 9,647,739  |
| Usage Tax                      |    | 62,635,491 |
| Tangible Personal Property Tax |    | 18,228,287 |
| Delinquent Tax                 |    | 833,421    |
| Legal Process Tax              |    | 586,801    |
| Candidate Filing Fees          |    | 3,600      |
|                                | \$ | 91,935,339 |

Payments to Fiscal Court:

|                                |    |           |           |
|--------------------------------|----|-----------|-----------|
| Tangible Personal Property Tax | \$ | 5,644,639 |           |
| Delinquent Tax                 |    | 884,010   |           |
| Deed Transfer Tax              |    | 2,777,383 |           |
| Beer and Liquor Licenses       |    | 387,043   | 9,693,075 |

JEFFERSON COUNTY  
BOBBIE HOLSCLOW, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Calendar Year 2001  
(Continued)

Disbursements (Continued)

Payments to Other Districts:

|                                |                  |               |
|--------------------------------|------------------|---------------|
| Tangible Personal Property Tax | \$ 27,917,721    |               |
| Delinquent Tax                 | <u>4,059,846</u> | \$ 31,977,567 |

|                     |  |        |
|---------------------|--|--------|
| Payments to Sheriff |  | 59,011 |
|---------------------|--|--------|

Payments to County Attorney:

|                     |               |           |
|---------------------|---------------|-----------|
| Delinquent Tax      | \$ 1,026,462  |           |
| Returned Check Fees | <u>11,795</u> | 1,038,257 |

|                    |  |     |
|--------------------|--|-----|
| Payment to Library |  | 102 |
|--------------------|--|-----|

Operating Disbursements:

|                     |  |                |
|---------------------|--|----------------|
| Other Charges-      |  |                |
| Bankcard Processing |  | <u>144,864</u> |

|                     |  |                       |
|---------------------|--|-----------------------|
| Total Disbursements |  | <u>\$ 134,848,215</u> |
|---------------------|--|-----------------------|

|              |  |               |
|--------------|--|---------------|
| Net Receipts |  | \$ 14,365,024 |
|--------------|--|---------------|

Payments to State Treasurer:

|                    |                  |                   |
|--------------------|------------------|-------------------|
| 75% Operating Fund | \$ 11,127,311    |                   |
| 25% County Fund    | <u>3,237,713</u> | <u>14,365,024</u> |

|                                    |  |                    |
|------------------------------------|--|--------------------|
| Balance Due at Completion of Audit |  | <u><u>\$ 0</u></u> |
|------------------------------------|--|--------------------|

\* Includes reimbursed expenses in the amount of \$1,414,171 for the audit period. See Note 1 of Notes to Financial Statements

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
BOBBIE HOLSCLAW, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
FUND BALANCES OF THE COUNTY CLERK'S OPERATING  
FUND AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 2001

|   | 75%<br>Operating<br>Fund | 25%<br>County<br>Fund | Totals        |
|---|--------------------------|-----------------------|---------------|
|   | <hr/>                    | <hr/>                 | <hr/>         |
| Fund Balance - January 1, 2001              | \$ 1,418,889             | \$ 199,575            | \$ 1,618,464  |
| <br><u>Receipts</u>                         |                          |                       |               |
| Fees Paid to State - Operating Funds (75% ) | 11,127,311               |                       | 11,127,311    |
| Fees Paid to State - County Funds (25% )    | <hr/>                    | 3,237,713             | 3,237,713     |
|   | <hr/>                    | <hr/>                 | <hr/>         |
| Total Funds Available                       | \$ 12,546,200            | \$ 3,437,288          | \$ 15,983,488 |
| <br><u>Disbursements</u>                    |                          |                       |               |
| Jefferson County Government                 | \$                       | \$ 3,190,445          | \$ 3,190,445  |
| Officials Statutory Maximum                 | 83,931                   |                       | 83,931        |
| Incentive Pay                               | 2,189                    |                       | 2,189         |
| County Clerk's Expense Allowance            | 3,600                    |                       | 3,600         |
| Personal Services-                          |                          |                       |               |
| Deputies' Salaries                          | 6,717,886                |                       | 6,717,886     |
| Overtime                                    | 79,664                   |                       | 79,664        |
| Employee Cash Out                           | 28,833                   |                       | 28,833        |
| Employee Benefits-                          |                          |                       |               |
| Employer's Share Social Security            | 481,463                  |                       | 481,463       |
| Employer's Share Retirement                 | 465,910                  |                       | 465,910       |
| Employer's Paid Health Insurance            | 860,678                  |                       | 860,678       |
| Employee Assistance Program                 | 7,995                    |                       | 7,995         |
| Unemployment Insurance                      | 26,573                   |                       | 26,573        |
| Occupancy-                                  |                          |                       |               |
| Telephone                                   | 70,203                   |                       | 70,203        |
| Mileage and Gasoline - Delivery             | 16,347                   |                       | 16,347        |
| Maintenance and Repairs                     | 92,760                   |                       | 92,760        |
| Services-                                   |                          |                       |               |
| Personal Services Contract                  | 163,546                  |                       | 163,546       |
| Security Services                           | 36,034                   |                       | 36,034        |
| Janitorial                                  | 20,090                   |                       | 20,090        |

JEFFERSON COUNTY  
BOBBIE HOLSCLAW, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND  
BALANCES OF THE COUNTY CLERK'S OPERATING FUND  
AND COUNTY FUND WITH THE STATE TREASURER  
Calendar Year 2001  
(Continued)

|                                  | 75%<br>Operating<br>Fund | 25%<br>County<br>Fund | Totals               |
|----------------------------------|--------------------------|-----------------------|----------------------|
| <u>Disbursements (Continued)</u> |                          |                       |                      |
| Services-(Continued)             |                          |                       |                      |
| Pager Service                    | \$ 2,218                 | \$                    | \$ 2,218             |
| Printing                         | 25,673                   |                       | 25,673               |
| Advertising                      | 11,728                   |                       | 11,728               |
| Supplies-                        |                          |                       |                      |
| Postage                          | 126,044                  |                       | 126,044              |
| Office Expense                   | 131,978                  |                       | 131,978              |
| Leases-Equipment                 | 110,929                  |                       | 110,929              |
| Meetings                         | 14,405                   |                       | 14,405               |
| Seminars                         | 2,433                    |                       | 2,433                |
| Tuition                          | 10,484                   |                       | 10,484               |
| Other Operating-                 |                          |                       |                      |
| Insurance and Bonds              | 32,899                   |                       | 32,899               |
| Notary Bonds                     | 605                      |                       | 605                  |
| Memberships Dues                 | 16,794                   |                       | 16,794               |
| Subscriptions                    | 10,932                   |                       | 10,932               |
| Capital Outlay-                  |                          |                       |                      |
| Furniture and Fixtures           | 19,322                   |                       | 19,322               |
| Remodeling and Renovations       | 23,179                   |                       | 23,179               |
| Office Equipment                 | 54,209                   |                       | 54,209               |
| Computer Software                | 3,470                    |                       | 3,470                |
| Computer Equipment               | 106,414                  |                       | 106,414              |
| Vehicles                         | 28,682                   |                       | 28,682               |
| POS Project                      | 407,953                  |                       | 407,953              |
|                                  | <u>\$ 10,298,053</u>     | <u>\$ 3,190,445</u>   | <u>\$ 13,488,498</u> |
| Fund Balance - December 31, 2001 | <u>\$ 2,248,147</u>      | <u>\$ 246,843</u>     | <u>\$ 2,494,990</u>  |

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
BOBBIE HOLSCLOW, COUNTY CLERK  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2001  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months and 6.41 percent for the last six months of the calendar year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided a surety bond which named the County Clerk as beneficiary/obligee on the bond.

JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2001  
(Continued)

Note 4. Leases

Commitments to the following lease agreements as of December 31, 2001 are:

| <u>Item<br/>Purchased</u> | <u>Monthly<br/>Payments</u> | <u>Term of<br/>Agreements</u> | <u>Ending<br/>Dates</u> | <u>Principal Balance<br/>December 31, 2001</u> |
|---------------------------|-----------------------------|-------------------------------|-------------------------|--|
| Copy Machine              | \$ 157                      | 36 Months                     | 7/7/2003                | \$ 3,140                                       |
| Copy Machine              | \$ 178                      | 36 Months                     | 5/12/2003               | 3,382  |
| Copy Machine              | \$ 37                       | 36 Months                     | 1/22/2004               | 888  |
| Copy Machines (17)        | \$ 3,020                    | 48 Months                     | 1/26/2003               | 39,257   |
| Copy Machines (12)        | \$ 2,970                    | 48 Months                     | 10/6/2002               | 29,702   |
| Copy Machine              | \$ 236                      | 48 Months                     | 6/21/2004               | 7,316  |
| Postage Meter             | \$ 175                      | 72 Months                     | 5/30/2006               | 9,975  |
| Postage Meter             | \$ 649                      | 48 Months                     | 3/30/2004               | 19,455   |
| Total                     |                             |                               |                         | <u>\$ 113,115</u>                              |

Note 5. Grants

The County Clerk received two local records microfilming grants from the Kentucky Department of Libraries and Archives in the amount of \$15,227 and \$17,609 respectively. No funds were expended during calendar 2001.

Note 6. Going Out of Business

This account is used for companies who must post a bond when they have a going out of business sale. After the sale the bond may be released to the company. The account had receipts of \$4,656 and disbursement of \$1,000 for calendar 2001. The account had a balance of \$23,899 as of December 31, 2001.

Note 7. Bankruptcy Account

This account is used for bankruptcy payments from the Chapter 13 Bankruptcy Trustee. The payments from the trustee are for tangible property tax due the state or clerk or for delinquent property tax owed. The account had receipts of \$2,189 for calendar year 2001. The account had a balance of \$77,136 as of December 31, 2001.



REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Rebecca Jackson, County Judge/Executive  
Honorable Bobbie Holsclaw, Jefferson County Clerk  
Members of the Jefferson County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of the Jefferson County Clerk for the year ended December 31, 2001, and have issued our report thereon dated June 24, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Jefferson County Clerk's financial statements as of December 31, 2001, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jefferson County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 24, 2002

